

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER



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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of the Change in Control)	No. G-02-47
)	
Commonwealth Insurance Company Of America)	ORDER GRANTING EXEMPTION TO RCW 48.31B.015
)	
Authorized insurance company)	
)	

TO: John S. Pruitt
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(Counsel for Commonwealth)

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NATURE OF PROCEEDING

FairFax Financial Holdings Limited is the ultimate parent of Commonwealth Insurance Company of America a Washington domestic insurance company. On December 5, 2002 Commonwealth Insurance Company of America filed a request for an order granting an exemption from RCW 48.31B.015 with the Insurance Commissioner of the State of Washington.

RCW 48.31B.015 requires that any person acquiring control of a Washington domestic insurance company obtain the prior approval of the Insurance Commissioner. RCW 48.31B.015(5)(b) provides that the Commissioner may, by order, grant an exemption from the requirements of RCW 48.31B.015 if the acquisition is: (i) not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) otherwise not comprehended within the purposes of RCW 48.31B.015.

FINDINGS OF FACT

Having read the documentary evidence on file the Insurance Commissioner finds as follows:

- (1) Commonwealth Insurance Company of America is a wholly owned subsidiary of Commonwealth Insurance Company, which is a wholly owned subsidiary of TIG Insurance Company, which is a wholly owned subsidiary of TIG Insurance Group, which (through several intermediary companies) is a wholly owned subsidiary of Fairfax Financial Holdings Limited.
- (2) TIG Insurance Company intends to transfer all of the outstanding voting stock of Commonwealth Insurance Company into a trust account, on a temporary basis, to facilitate the transfer of direct ownership of Commonwealth Insurance Company from TIG insurance Company to its parent company, TIG Insurance Group.
- (3) Upon completion of the transaction, Fairfax Financial Holdings Limited will still be the ultimate controlling person of Commonwealth Insurance Company of America.

CONCLUSIONS OF LAW

- (1) Pursuant to RCW 48.31B.015(5)(b) the Insurance Commissioner may grant an exemption from the requirements of RCW 48.31B.015 if the transaction is: (i) not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) otherwise not comprehended within the purposes of RCW 48.31B.015.
- (2) Fairfax Financial Holdings Limited is currently the ultimate controlling person of Commonwealth Insurance Company of America and after the conclusion of the proposed transaction, Fairfax Financial Holdings Limited will continue to be the ultimate controlling person of Commonwealth Insurance Company of America.
- (3) The proposed transaction is not being made nor entered into for the purpose and does not have the effect of changing or influencing the control of Commonwealth Insurance Company of America.

ORDER

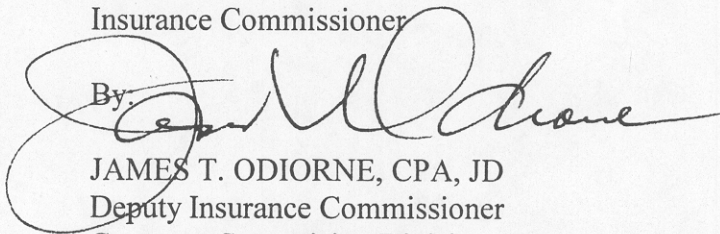
Consistent with the foregoing Findings of Fact and Conclusions of Law, it is hereby ORDERED:

The proposed transaction as set forth in the filing received by the Commissioner on December 5, 2002 in which TIG Insurance Company intends to transfer all of the outstanding stock of Commonwealth Insurance Company into a trust account, on a temporary basis, to facilitate the transfer of direct ownership of Commonwealth Insurance Company from TIG insurance Company to its parent company, TIG Insurance Group is exempt from the requirements of RCW 48.31B.015.

ENTERED AT OLYMPIA, WASHINGTON, this 13th day of December, 2002.

Mike Kreidler
Insurance Commissioner

By.



JAMES T. ODIORNE, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division